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No Other Town in the World the Size of Grants Pass Has a Paper With Full Leased Wire Telegraph Service.

INCOMES TO PAY COST OF PREPARING

New Revenue Bill Introduced in Congress Saturday Will Lay Heavy Tribute Upon Accumulated Wealth

Washington, July 1.—Incomes, inheritance and munitions taxes are to pay the cost of preparedness. If there is war, the cost will be paid for by bond issue.

Shifting the burdens almost entirely upon accumulated wealth and big incomes, the new revenue bill, to be introduced in the house today, is epoch-making in the opinion of administration leaders. It will establish a national inheritance tax as a permanent part of the fiscal system of this country.

Experts say the new bill will raise approximately \$210,000,000 additional revenue—\$100,000,000 from incomes; \$60,000,000 from inheritances and \$50,000,000 from munitions.

The present income tax rate is boosted from one to two percent. The super-taxes will begin at \$20,000 and will increase at the rate of one percent on each classification, until ten percent is levied on all incomes in excess of \$500,000.

The inheritance tax provisions will exempt fortunes under \$50,000 if the testator was a resident of the state in which the property lies. If a non-resident there will be no exemption.

The tax rates are one percent for estates under \$50,000; two percent for estates between \$50,000 and \$150,000; three percent between \$150,000 and \$250,000; four percent between \$250,000 and \$450,000; and five percent on estates in excess of \$450,000.

Varying rates of taxation are imposed on munition factories. If receipts of a plant manufacturing gunpowder and explosives do not exceed a million dollars, a tax of five percent is laid. Eight percent is demanded where receipts are in excess of that sum. A sliding scale of rates is also provided for cartridges and other munitions of war.

The stamp taxes are wiped out, although part of the emergency revenue act created at the opening of the European war is left to stand in modified form.

There will be no more stamps on telegrams, mortgages, telephone calls, perfumes and deeds. Some of the special taxes remaining are \$1 a thousand on the capital stock of bankers, \$20 on brokers, \$50 on pawnbrokers, a graded tax on theaters, beginning as low as \$10 so as to catch the smaller moving picture shows, \$100 on circuses and a tax on bowling alleys and billiard tables. There is also a wine stamp tax. The rate of \$1.50 a barrel on beer stands unchanged.

Legislative proposals include: Creation of a tariff commission as framed by Congressman Rainey of Illinois.

An increase of the tariff rates on dyestuffs to protect infant industries which have sprung up since the European war cut off the dye supply of the United States.

An unfair competition clause which is expected to keep foreigners from dumping goods in this country at prices lower than they command in foreign markets.

The dyestuff tariff clause contains a provision that the duties at the end of a period of five years shall be reduced at the rate of 20 percent a year on the theory that once the industry has been established, it should be able, after a reasonable time, to stand on its feet without government protection.

SAILORS FROM GUNBOAT SALEM ARE FIRED UPON

Galveston, July 1.—Mexican soldiers fired on sailors of the U. S. gunboat Salem at Tampico last Tuesday afternoon, wounding two, according to refugees arriving here today on the steamer Dade.

The sailors, who were taking soundings from two small boats, returned the fire. It is not known whether there were any Mexican casualties.

The Dade left Tampico before the incident occurred, but was apprised of it by the steamer Monterey at Vera Cruz. The refugees said Captain Scott of the U. S. gunboat Marietta sent a message to General Nafarette, allowing 24 hours for an explanation. Nafarette is said to have replied that he did not understand English.

Passengers on the Dade said Nafarette was organizing an army to capture the state of Texas and that he would be in Washington "before Wilson woke up." They said also that Nafarette notified Consul Dawson that if any more American gunboats, transports or merchant ships appeared off the harbor for refugees, he would burn the city, emptying the oil tanks into the river.

217,000 TEUTON PRISONERS TAKEN

Petrograd, July 1.—The Russians have captured a total of 217,000 prisoners to date in their drive along the Austro-Hungarian front, an official statement from the war office announced today. The victorious forces continue to advance.

"We continue to drive back the enemy along the Sereth and Dniester," today's official statement declared.

That the advance about the captured city of Kolomea continues was indicated by the statement that the Russians have occupied places south of that town.

The enemy has been thrown back in the direction of Brezova, but retained a portion of the heights there, the statement said.

CARRANZISTA TROOPS CONCENTRATE AT BORDER

Brownsville, Texas, July 1.—Concentration of Carranzista troops just below the border is proceeding. Fort Brown army officials announced today they had word from Matamoros of the arrival there of General E. P. Nafarette and 800 Mexican soldiers, sent all the way from Tampico.

Just prior to Nafarette's arrival, it was said General Ricaut, whom he succeeded, commandeered several automobiles, the personal property of wealthy residents, among which was one belonging to an American named Puid, another the property of Secretary Benabedo of the Carranza consulate, and a third belonging to a prominent Mexican physician.

BORDER TROOPS PREPARE DEFENSE

Columbus, N. M., July 1.—The tenseness in the Mexican situation as a result of Carranza's statement on the last American note was reflected today in activities at the base camp here and new movements of the expeditionary forces in Mexico.

Preparations for defense continue along the American lines. All motor truck trains are south of the border today. After unloading their supplies from Columbus the machines were pressed into service re-distributing men and supplies.

Vast quantities of materials and supplies have been unloaded here in the last 24 hours. New spurs of track are being laid to facilitate the handling of supplies.

ALLIES' GREAT DRIVE IN WESTERN CAMPAIGN NOW UNDER FULL SWING

Sixteen Miles of German Trenches Captured by English Troops in First Two Hours of Fighting Saturday, the Offensive Launched Along the Somme Marking An Epoch in European War, With Allies Gaining Steadily

London, July 1.—The supreme offensive of the allies began at 7:30 this morning, with one of the greatest Anglo-French gains on the western front since the German retreat from the gates of Paris. Two hours after British troops drove forward, they had captured sixteen miles of German forward trenches north of the Somme, the war office announced in a brief statement.

French troops, on the British right, struck at the same hour.

The British war office announced that the French made "equally satisfactory" gains, leaving to General Joffre the honor of announcing the full extent of the French successes. No statement had come from the French war office early this morning, but it was believed a full report on the French gains would be made before night.

The British attack was made on a 20-mile front north of the Somme, after one of the most terrific four-day bombardments the world has ever known. With German advanced trenches firmly held, the British were pressing forward to the attack at 9:30. The latest despatches to the war office said the battle was proceeding with the utmost violence on both the British and French fronts. Many prisoners have been taken, but it is impossible at this hour to obtain any estimates on the number captured or the losses. Fragmentary despatches from the front report allied casualties have been light.

On the remainder of the British front, raiding parties continue to harass the Germans, penetrating enemy defenses at many points.

The war office at 2 p. m. issued a statement of warning that, in the interest of public safety, there should be no travelling on the continent, except for the most serious reason. All persons intending to leave for the continent were warned that they would undergo the strictest examination under the passport regulations, and that close search of their baggage and persons would be made.

The French drive began a few hours after the Germans launched the most powerful onslaught against Verdun in many weeks. The crown prince hurled his legions against the French works east and west of the Meuse. The French war office announced that on every sector the Germans were repulsed with appalling losses, except on the northeastern front, where the French were again driven out of Thiaumont works.

A semi-official statement issued at 5 o'clock this afternoon announced that the British have captured the village of Serre, 14 miles southwest of Arras, and the village of Montauban, six miles east of Albert.

Fighting is going on at the village of Mametz, six miles east of Albert, and at the village of Contalmaison, four miles northwest of Albert. The French hold the eastern part of the village of Contalmaison.

The semi-official statement, revealing for the first time the exact scene of operations, shows that the Anglo-French advance reached its greatest depth along a thirteen-mile front extending from a point north of Albert to a point southeast of that village. The Anglo-French forces are driving eastward in the general direction of Cambrai. The semi-official announcement indicates that the advances already extend beyond the capture of German forward trenches, announced in an earlier statement from the war office.

London, July 1.—The long expected British offensive began at 7:30

this morning with a tremendous smash against the German lines on a twenty-mile front north of the Somme. This information was contained in brief special bulletins from army headquarters today. The British swept forward with a rush, capturing some enemy frontline trenches. Many German prisoners were taken. The British attacks were continuing with the greatest violence at the hour when the despatches were filed.

The first reports were flashed to London shortly before noon. Newspaper extras were grabbed eagerly in the clubs, hotels, on the streets—everywhere. Within a few minutes the word spread throughout London—"the big push has begun."

The public, aroused by announcement early today, that the Russians have captured the important Galician city of Kolomea, that the French have had successes in the fighting northeast of Verdun and that the Italians are steadily pushing northward in the Trentino, accepted the early bulletins as clear indication that the long-awaited super-offensive of the allies has begun.

The British thrust forward today followed four days of the most lavish expenditure of shell fire the world has ever known. The German front for nearly ninety miles, from Yser to the Somme, was bathed in a never-ceasing flame of artillery pounding with the explosion of millions of shells.

At dawn today the British bombardment, which grew more intense throughout the night, suddenly concentrated a terrific fire on the German line from the Arras, south to the Somme. For an hour and a half the brief bulletins received in London, said the German line was under a steady rain of high explosive shells that blotted out trenches and human life.

The big guns lifted their fire at 7:30. At the same instant rows of British troops sprang forward to the attack. They were seasoned regiments who had been awaiting eagerly their chance at the Germans for many months and new regiments from "Kitchener's armies," which had been held in reserve back of the lines.

"By 9:30 a. m.," read the despatch, "we had occupied the German front line, digging in behind rows of German dead. British casualties thus far have not been heavy."

With full knowledge that London had been waiting for days tensely eager for the beginning of what many believe the world's greatest offensive, the censors hastened the despatch of messages direct from the front to the British capital. For this reason men sitting quietly in their clubs were reading at 12:30 p. m. brief flashes, telling what had happened across the channel in France, as far south as the river Somme, at 9:30 this morning. Only three hours had elapsed between the crash of British and German under the screaming of great shells and the time the news had reached London.

"All the horizon beyond the ground where I stood today was darkened by the fumes of shells," wired the Chronicle's correspondent. "Not a minute passed without the crash of high explosives."

Raids that followed this shell fire at many points of the line killed many of the enemy and brought forth sufficient prisoners for the identification of the regiments and divisions confronting the British. The effect of the British military work on the German troops seems to have been deadly.

MEXICAN POLICY CAMPAIGN ISSUE

Washington, July 1.—President Wilson has taken his Mexican policy for a campaign issue and put it up to his political adversaries.

This is the opinion of political and official Washington today, following the president's return from New York where he spoke last night.

Taking the issue which his republican opponents had threatened to make the principal object of attack, the president has adopted it as his own.

The questions he raised last night in his speech before the New York Press club were believed directed primarily at those contesting his reelection. The questions were:

Would the glory of America be enhanced by war of conquest in Mexico?

Would an act of violence by a powerful nation like this against a weak and distracted neighbor reflect distinction upon the annals of the United States?

Is it our duty to carry self-defense to the point of dictation in the affairs of another people?

From this and other utterances along the same line, the president is said by his friends today to have indicated clearly he will not countenance war between the United States and Mexico save as an unavoidable resort in settling border troubles.

For the second time in as many days he said he would stake his personal fortunes upon the ideal he is following in Mexico.

For the first time the president indicated what may be in his mind as to the immediate purpose of concentrating such large armed forces on the border.

"Force," he said, "can sometimes hold things steady until opinion has had time to form. No force ever exerted, except in response to that opinion, was ever a conquering and predominating force."

And thus the president last night, throwing off his customary restraint, expounded his creed. It is one of peace, supported, he said, by a vast majority of the letters and messages sent to him from men and women in all parts of the country, urging and praying that he avoid hostilities in Mexico. The president intimated he would go to the extreme lengths of diplomatic recourse before he will resort to the use of arms in forcing Mexico to cooperate with this country in protecting its own people.

CARRANZA MAJOR ARRESTED AT LAREDO

Laredo, July 1.—Dr. Jose E. Moseley, holding a major's commission in the medical corps of the Carranza army, was arrested here early today, charged with recruiting negroes for the Mexican forces. A commission from General Nafarette, comandante at Matamoros, was found in his pocket.

VILLAGE OF MAMETZ TAKEN BY BRITISH

British Headquarters in France, July 1.—British troops have captured the village of Mametz, six miles east of Albert. The number of prisoners taken by the British in this region is placed at 1,500.

Rome, July 1.—Continued Italian advances on the Trentino front were announced this afternoon by the war office. Italian forces occupied Zanolli and the advance continues to Posina, it was said. The top of Mount Malo has been reached.

EXPECT FIRM REPLY FROM CARRANZA

Belief at Washington General That Mexican Chief Will Not, However, Adopt Defiant Tone in His Answer

Washington, July 1.—Contrary to messages reported in certain diplomatic quarters, advice to General Carranza's American friends here today indicated that the first chief will not adopt a defiant tone in answering the United States' demands upon him.

He will, instead, send a "firm note," emphasizing that he considers the presence of United States troops in Mexico an infringement on Mexican sovereignty.

The United Press informant, whose information heretofore has been correct, indicated that the Carranza answer will not be such as to bring on a breach between the two nations. In some quarters today, too, it is suggested the note may open the way to a mediation move.

Foreign Minister Aguilar's statement, published yesterday, was interpreted here as being intended for home consumption; the state department has had no word that it was designed as an official answer to America's "gravest consequences" note.

Despite its language, state department men said the Mexican reply was manifestly milder than Carranza's first note. It did not demand withdrawal of the American forces, though it suggested these forces had no right to stay there. The statement said nothing as to what course Carranza intends to pursue toward American troops now below the border. This is regarded as significant. The note had not reached the state department up to noon. Secretary Lansing believed it probably would come to Mexican Ambassador Arredondo, who was yesterday told to expedite it.

Lansing and other government officials told the United Press they had no information either from state department sources or foreign diplomats as to what Carranza will answer.

The fact that South American and European diplomats, as well as United States friends of Carranza, are doing all in their power to swing the first chief in line, caused some officials to think that he will "see the light" and not adopt an attitude that would force war and his own downfall.

SAVE WATER FOR IMPERIAL VALLEY

Calxico, Cal., July 1.—American forces will occupy Lower California on a front of 50 miles to a depth of seven miles if hostilities with Mexico begin, it was rumored, without confirmation, today. The protection of Imperial valley from drought during the summer months will be the objective, big property owners state, declaring the Imperial canal, below the border, will be guarded by United States troops from Mexicali to Yuma. A large number of field pieces have concentrated here, although army officers declined to state the number.

In addition to the regular troops here, 1,800 guardsmen, and possibly more, will be added to the encampment next week, it is reported.

There are few indications of unrest on the Mexican side of the border.